

Marine Transportation Advisory Board
Juneau, Alaska

Minutes
May 27, 2010

CALL TO ORDER

Chair Mike Korsmo called the teleconference meeting to order at 9:00 am.

ROLL CALL

Marine Transportation Advisory Board members participating: Robert Venables, Maxine Thompson, Mike Korsmo, Gerald Hope, Clay Koplín, Mark Eliason, Shirley Marquardt, Cathie Roemmich.

INTRODUCTION OF THOSE PARTICIPATING

DOT&PF/AMHS staff: Capt. John Falvey, Cyndi Ivey, Chuck van Kirk, Richard Leary, Jim Beedle, Jim Potdevin, Kerri Traudt, Danielle Adkins, Andy Hughes and Laura Baker.

Members of the public: Dave Kensinger, Chip Thoma, Pam Duvall, Lonnie Adams, Ben Goldrich, Dave Scott.

APPROVAL OF MINUTES

Maxine Thompson moved to approve the minutes; Robert Venables seconded the motion. Mr. Venables noted the following correction: page 3, paragraph 6, line 4: operation should be options. Motion passed unanimously.

APPROVAL OF AGENDA

Robert Venables moved to adopt the agenda; Maxine Thompson seconded the motion. Motion passed unanimously.

PUBLIC COMMENTS

There were no public comments.

REPORT FROM THE CHAIR

The chair reported that Boards and Commissions staff contacted Patrick Owen and confirmed he had resigned his seat on the board. Boards and Commissions is accepting applications for the two vacancies: Patrick Owen and J.C. Conley.

The chair reported a successful legislative session with respect to AMHS' operating and capital budgets. He thanked all who testified and worked to ensure a success.

Mr. Korsmo met with AMHS staff in Ketchikan.

The chair briefed the board on a suggested meeting in Cordova in August. Agenda items could include the long range plan for AMHS and additional 2010-11 Kennicott service.

STAFF REPORTS

Legislative Session Summary

Laura Baker, Administrative Services Director, reported that HB 300 (operating budget) is pending review by the governor and due back to the legislature June 4. The AMHS budget realized an overall increase of \$6 million, \$4.1 million was salary adjustments primarily for MEBA and MM&P. The satellite communications contract was funded at \$750,000; the Bellingham terminal facility lease increased \$500,000. Ms. Baker noted that the lease generated much discussion in the legislature as to alternate locations for a terminal.

The legislature rewrote the fuel trigger language in the operating budget to raise the trigger point from \$36 to \$51 per barrel. The increase will help to ease cash flow issues experienced in the past.

A marine highway planner position was added to the operating budget; a 10% travel decrease was taken across all departments.

SB 230 (capital budget) is also with the governor for review and is due back to the legislature on June 9. The bill includes supplementals for FY10 maintenance funding and regular capital projects. FY10 supplementals include \$4 million general fund for vessel and terminal overhaul. FY11 capital appropriations includes \$3 million general fund for vessel and facility deferred maintenance; \$8 million general fund for terminal overhaul; \$20 million federal funds for vessel refurbishment; \$250,000 federal funds for fleet condition survey update; \$325,000 for Bellingham sewage line installation; and, Section 37 for the Alaska Class Ferry project (federal and state funds) which appropriated \$60 million from the Vessel Replacement Fund. Legislative intent (senate) was added regarding where the vessel(s) would be built.

FY10 operating supplemental bill (HB 326) was signed into law on May 8 and included a section reallocating \$5.5 million from the fuel trigger allocated to AMHS in FY10 and allocating \$650,000 not to exceed that. These funds will be used for additional FY11 Aleutian Chain service, estimated not to exceed \$3.6 million for FY1. The remaining \$1.2 million was placed in the Alaska Marine Highway Fund.

Two other issues of interest were pass privileges and Department of Corrections inmate laundry services program.

Capt. Falvey explained the Bellingham sewage line installation and the changes to regulations in the State of Washington which resulted in the new sewage line so that vessels can pump sewage into the system.

Fleet Update

Capt. Falvey discussed the fleet updating the board on repairs, overhauls and schedules.

He reported the satellite communication system should be ready for installation by early fall; a contract for broadband service has been signed with Radio Holland. Broadband for 11 vessels will be approximately \$1 million a year. The new reservations system will provide 24-7 connectivity with the boats.

The fuel management system is installed on 5 vessels; significant savings are being realized.

The traffic manual update has been completed and is scheduled to be distributed around July 1, 2010.

Capt. Falvey reported the State of Alaska is in the process of purchasing property at Ward Cove for the Alaska Marine Highway System. A new headquarters building, warehouse and a working berth will be constructed on the site.

The Metlakatla terminal is expected to be completed by December 2011; the Hoonah terminal and marine structure is expected to be completed by 2011; the *Tustumena's* Homer warehouse is scheduled for completion in late December 2010 but due to construction delays the schedule may extend to July 2011. The Angoon dock modification completion date is December 2011.

Summer 2010 Scheduling Changes

Kerrie Traudt briefly reviewed comments from the May 26 public hearings on the proposed Fall/Winter/Spring 2010-2011 schedules. The schedules are expected to be available July 15.

Chuck vanKirk reported on replacement service for Chenega Bay and Tatitlek. He briefly explained the RFP (request for proposal) process and notification to the three maritime unions which need to happen before a schedule can be set.

Fare Discounts

Mr. Koplin clarified his question about the triangle route (Cordova/Valdez/Whittier) and the fares. He asked if it is possible to establish a walk-on thru-fare in the event the direct route (Cordova/Valdez) were not available.

Danielle Adkins, Marketing Director, responded that thru-fares are in place for that route.

Marketing Discounts

The chair thanked Ms. Adkins for the in-depth marketing report prepared for the board. Capt. Falvey gave the board a brief background on AMHS' marketing.

Danielle gave the board a brief report on marketing activities during FY2010.

Mr. Venables commented on call center hours and frustration experienced by travelers trying to make reservations or get information outside the center's hours of operation. Mr. Leary stated management was working to find a solution.

It was agreed to discuss marketing needs at the next meeting.

Mr. Venables suggested tickets for the next meeting be purchased in advance in order to use FY2010 monies.

Short Sea Pilot Program Update

Maxine Thompson stated she had nothing new to report. She noted that Tlingit & Haida Central Council's newly-elected president was Ed Thomas who served as president for several years and that she would ask about the pilot program's status when she met with him.

SATP UPDATE

The chair reported he had asked for an update but had not received a response to his request.

Mr. Beedle noted that not a lot of progress had been made and suggested Mr. Korsmo set up an appointment with Mr. Hughes.

NEXT 3-YEAR SCHEDULING CYCLE

Mr. Korsmo referred to proposed changes. Capt. Falvey clarified that the proposals were submitted from users of the system as well as vessel crews.

Kerrie Traudt summarized the changes noting one of the most popular was to use the *Kennicott* fulltime through the summer, operating it as an express route. This change would be funding dependent. Mr. Venables expressed concerns about the cost-effectiveness of running the *Kennicott* in the Inside Passage. Capt. Falvey noted the boat would run on the outside. Mr. Leary will be prepare a financial analysis of the proposed change.

Robert Venables moved that MTAB work with AMHS on the next 3-year scheduling cycle prior to any recommendations to the administration. Maxine Thompson seconded the motion. Motion passed unanimously.

Ms. Thompson asked that the board meet at the call of the chair, as soon as possible.

Mr. Venables stated his lack of support for changing the *Malaspina's* schedule. Capt. Falvey noted the change was only a suggestion at this point and would receive careful review. Mr. Venables requested the agenda item be discussed further at the next meeting including how the community of Gustavus might be served in the future.

NEXT MEETING

The chair suggested dates for meeting in Cordova in August. It was agreed that the board would meet on August 17 in Cordova.

ADJOURN

Robert Venables moved to adjourn at 12:30 pm. There were numerous seconds to the motion.